

# REVISED IOS INTERNAL AUDIT CHARTER

This document establishes the charter for the internal audit function of UNESCO's Division of Internal Oversight Services (IOS). It also sets forth the framework for ensuring a robust and integrated system of assurance on the adequacy and effectiveness of UNESCO's risk management, control, and governance processes.

## 1. DEFINITION AND PURPOSE OF INTERNAL AUDITING

- (a) Internal auditing is an independent and objective assurance, and advisory activity performed by IOS that is guided by a philosophy of adding value to improve the operations of UNESCO. It assists UNESCO in accomplishing its objectives by bringing a systematic and disciplined approach to assess and improve the effectiveness of the Organization's risk management, control, and governance processes.
- (b) The internal audit mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

## 2. ORGANIZATION

- (a) The Director-General established IOS in accordance with UNESCO's Financial Regulations as a consolidated oversight mechanism which includes internal audit, evaluation and investigation. Within the financial control framework, IOS internal auditing is responsible for the review and assessment of the adequacy and effectiveness of the Organization's systems of internal control as part of the Organization's control monitoring. For this purpose, the Financial Regulations state that all systems, processes, operations, functions and activities within the Organization may be subject to such review, evaluation and monitoring. In providing advisory services, IOS seeks to add value by improving the Organization's operations and programme delivery.
- (b) The General Conference established UNESCO's Oversight Advisory Committee as a standing committee<sup>2</sup> to advise the Director-General and the Executive Board on the proper functioning of oversight, risk management, and control<sup>3</sup> The Oversight Advisory Committee also advises the Director-General on the selection process of the Director of IOS, who performs the role of UNESCO's Chief Audit Executive.
- (c) The Director-General appoints the Director of IOS in consultation with the Executive Board and the Oversight Advisory Committee. Director of IOS reports to and is accountable to the Director-General and has a functional reporting line to the Oversight Advisory Committee. The Director of IOS is appointed for a non-renewable six-year fixed term and is barred from re-entry to UNESCO thereafter.
- (d) The Director of IOS has unrestricted access to the UNESCO Executive Board and the UNESCO Oversight Advisory Committee, and can have meetings with either bodies through executive sessions, as and when required and appropriate.
- (e) The Director of IOS communicates regularly to the Oversight Advisory Committee, the Director-General, and the Executive Board on:
  - The internal audit charter and any update or revision,
  - Internal audit plans,
  - Internal audit budgets,
  - Annual reports on the internal audits programme of work,
  - Any instances where there is an inappropriate scope or resource limitations.

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<sup>2</sup> 35 C/Resolution 101  
<sup>3</sup> 38 C/

- (f) The Internal Audit Charter is presented to the Oversight Advisory Committee, signed by the Director-General and approved by the Executive Board.
- (g) The Director of IOS presents annually during the spring session of the Executive Board, the progress on internal audit programme of work, as well as the risk-based audit plan. The Executive Board endorses the plan and requests the Director- General to ensure that adequate budget is made available to IOS in order for it to independently and effectively plan and execute its work.

### **3. AUTHORITY**

- (a) IOS personnel, with strict accountability for confidentiality and safeguarding records and information, is authorized when conducting assignments, to:
  - Have complete and unrestricted access to all records, documents, personnel, and physical assets relevant to the subject under review at Headquarters and in UNESCO institutes, centers, and the field.
  - Communicate directly with all levels of staff and management.
  - Request any staff member to furnish all information and explanations that IOS deems necessary.
  - Determine scopes of work, apply techniques and allocate resources within budget authorities, including the engagement of specialized consultants.
  - Access and audit vendor and partner records, personnel, documents and other information relevant to their activities with UNESCO, as established under the contractual terms and conditions.

### **4. PROFESSIONALISM**

- (a) IOS carries out its internal audit activities following the guidance of the *Core Principles*, the *Definition of Internal Auditing*, the *Code of Ethics*, and the *International Standards for the Professional Practice of Internal Auditing* (the *Standards*) of the Institute of Internal Auditors. These guidances are mandatory and constitute the fundamental requirements for the professional practice of internal auditing, including assessing the effectiveness of the internal audit activity's performance. The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, IOS will adhere to UNESCO's relevant policies and procedures, including the internal audit manual.

### **5. INDEPENDENCE AND OBJECTIVITY**

- (a) IOS operates independently and free from interference from other parts of the Organization. This includes matters of internal audit selection, scope, procedures, frequency, timing, or report content in order to permit maintenance of necessary independence and objectivity. Apart from providing advice, IOS is not involved in the management of any programmes, operations, or functions. Accordingly, internal auditors will have no direct operational responsibility or authority over any of the activities audited; they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair the internal auditors' judgment.
- (b) Internal auditors are to exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. In this regard, they are to make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- (c) The Director of IOS will confirm and inform the Executive Board and the Oversight Advisory Committee, at least annually, on the organizational independence of IOS, including its internal audit activities. If independence or objectivity is impaired in fact or appearance, the Director of IOS will disclose the impairment details to the appropriate parties.

- (d) The Director-General ensures that IOS is provided with the necessary resources in terms of appropriate staffing, adequate funds, and appropriate training to fulfill its mission and maintain its independence.
- (e) The Director of IOS will communicate and interact directly with the Oversight Advisory Committee, including in executive sessions.

## **6. RESPONSIBILITY**

- (a) The Director of IOS is responsible for the work of IOS, including its internal audit activities. The scope of internal auditing encompasses, but is not limited to, the examination and assessment of the adequacy and effectiveness of the Organization's risk management, controls, and governance processes as well as the quality of performance in carrying out assigned responsibilities to achieve the Organization's stated goals and objectives. This includes:
  - Assessing risk exposure relating to the achievement of the Organization's strategic objectives;
  - Assessing the reliability and integrity of information and the means used to identify, measure, classify and report such information;
  - Assessing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the Organization;
  - Assessing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
  - Assessing the effectiveness and efficiency with which resources are employed;
  - Monitoring and assessing the effectiveness of the organization's risk management processes;
  - Taking into account the work of the External Auditor and ensuring the coordination of coverage of internal audits;
  - Providing advisory services related to risk management, control, and governance processes as appropriate for the Organization;
  - Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan to the Oversight Advisory Committee;
  - Reporting significant risk exposures and control issues, including fraud risks;
  - Assessing specific operations at the request of the Oversight Advisory Committee, the Executive Board, or the Director-General, as appropriate.

## **7. INTERNAL AUDIT PLAN**

- (a) At least annually, the Director of IOS will submit to the Director-General and the Executive Board, after consultation with the Oversight Advisory Committee, an internal audit plan. The internal audit plan will consist of the audits planned as well as the impact of resource limitations.
- (b) The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the relevant decisions of the Executive Board. The plan will be formulated taking into account the plans and engagements completed by the External Auditor and other assurance providers in order to ensure an integrated and efficient system of assurance. The Director of IOS will review and adjust the plan, as necessary, in response to changes in the Organization's operations, risks, programmes, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to the Oversight Advisory Committee through periodic activity reports.

## 8. REPORTING AND MONITORING

- (a) A written report will be prepared and issued by the Director of IOS following the conclusion of each internal audit engagement, and it will be distributed as appropriate. Significant internal audit results will also be communicated to the Oversight Advisory Committee and the Executive Board. The internal audit reports may include the views of management and the corrective actions taken or to be taken in regard to the specific findings and recommendations, as well as a timetable for anticipated completion and an explanation for any corrective action that will not be implemented.
- (b) The Director of IOS is responsible for monitoring the implementation status of its recommendations and periodically reporting the status to the Director-General and the Oversight Advisory Committee, with particular attention to timely communication of conditions resulting in high-risk exposure. UNESCO management officials are responsible for considering internal audit reports issued to them for action, providing timely responses to IOS, and implementing the agreed action plans in response to findings and recommendations of the audit. Where management officials and IOS are unable to agree on action plans in response to internal audit reports, the matter will be communicated within the Secretariat hierarchy as appropriate for resolution.
- (c) The Director of IOS will also periodically report to the Director-General, the Oversight Advisory Committee, and the Executive Board on the internal audit activity's purpose, authority, responsibility, and actual performance relative to its plan. Reporting will also include significant risk exposures and control issues.

## 9. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

- (a) The IOS internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an assessment of the internal audit activity's conformance with the *Core Principles*, the *Definition of Internal Auditing*, and the *Standards*, and other mandatory guidances, and whether internal auditors apply the *Code of Ethics*. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.
- (b) The Director of IOS will communicate to the Oversight Advisory Committee on the internal audit activity's quality assurance and improvement program and will share the results of ongoing internal assessments and external quality assessments, conducted at least every five years, with the Director-General, the Oversight Advisory Committee, and the Executive Board.